

SFUND RECORDS CTR
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FACSIMILE TRANSMISSION**DATE:** March 18, 2005**TO:**

NAME/COMPANY	FAX NUMBER	PHONE NUMBER
✓ Lois Green, U.S. EPA	(415) 947-3520	(415) 972-3127
Karen Goldberg, Esq., U.S. EPA	(415) 947-3571	(415) 972-3951
Linda Ketellapper, U.S. EPA	(415) 947-3528	(415) 972-3104
Kate Taylor, U.S. EPA	(415) 947-3520	(415) 972-3123

FROM: Donald C. Nanney, Esq.**RE:** Porcelain Metals Corporation/OII - Casmalia - Omega Chemical -
Superfund Sites

CLIENT NUMBER: 3293.002 (.004 AND .008)	NUMBER OF PAGES, INCLUDING COVER SHEET: 1
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MESSAGE:

See attached memo with Porcelain Metals Corporation's response to reduced settlement offers re Casmalia and Omega Superfund Sites. PMC appreciates the consideration given on the ability to pay review reaching the reduced settlement amounts, and would like to be able to satisfy those amounts, but will need the time indicated as it continues to struggle to survive. Thank you.

cc: Gerald Tyrrell, via fax (502) 635-1200

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Memorandum

GILCHRIST & RUTTER

DATE: March 18, 2005 **VIA FACSIMILE**

TO: Lois Green
Karen Goldberg, Esq.
Linda Ketellapper
Kate Taylor
U.S. Environmental Protection Agency

FROM: Donald C. Nanney, Esq.

CC: Gerald Tyrrell, PMC via facsimile

SUBJECT: Porcelain Metals Corporation re OII - Casmalia - Omega Superfund Sites

FILE NO.: 3293.002, .004 and .008

Thank you for your patience. I have had the opportunity now to confer with Gerald Tyrrell following his return from a trip out of town. Since Porcelain Metals Corporation (PMC) has essentially no cash to speak of at this point, and it has no assets that are not pledged to lenders or not rejected as security due to contamination and unmarketable in the foreseeable future, the best PMC can do is propose this payment plan for the respective settlement amounts you have proposed as to Casmalia and Omega:

- 5% upon settlement;
- 15% six months later;
- 20% six months after that [totaling 40% in first year];
- then 10% every six months thereafter until paid in full [i.e., the remaining 60% over three years];
- with payment plan to be set forth in a settlement agreement and, if you wish, an unsecured promissory note from PMC.

This would be based on the understanding, as per discussion with Lois Green, that when US EPA is ready to enter into settlements as to OII, if PMC's financial condition has not improved as per updated financial information, there would be only a nominal settlement amount of \$1,000 to \$5,000 that would need to be paid in a lump sum at time of OII settlement. In other words, you have elected to allocate largely to the Casmalia and Omega sites PMC's determined financial ability to pay, with only the nominal amount remaining available for OII. But if PMC's financial condition and ability to pay actually improve between now and the time when the OII settlement is considered, then the settlement amount for OII would be an open question based on current financial review and agreement.

Please advise if we may proceed to settle Casmalia and Omega at this time with the payment plan noted above. Thank you for your consideration.